
PRELIMINARY DRAFT
No. 3064

PREPARED BY
LEGISLATIVE SERVICES AGENCY
2008 GENERAL ASSEMBLY

DIGEST

Citations Affected: IC 5-10.2-4-7.2.

Synopsis: TRF beneficiary designations. Provides that a member of the teachers' retirement fund (TRF) may change the member's beneficiary designation if the member and the member's designated beneficiary are parties in any action for dissolution of marriage. (Under current law, the member may change the member's beneficiary designation only if the member and the member's designated beneficiary are parties in an Indiana action for dissolution of marriage.)

Effective: July 1, 2007 (retroactive).



A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 5-10.2-4-7.2, AS ADDED BY P.L.149-2007, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007 (RETROACTIVE)]: Sec. 7.2. (a) This section applies to a member of the Indiana state teachers' retirement fund after June 30, 2007.

(b) **Subject to subsection (g)**, if a member is receiving a benefit from the fund and:

(1) the member's designated beneficiary dies;

(2) the member and the member's designated beneficiary are parties in an action for dissolution of marriage ~~under IC 31-15-2~~ in which a final order is issued after the member's first benefit payment is made; or

(3) the member marries after the member's first benefit payment is made, and:

(A) the member's designated beneficiary is not the member's current spouse; or

(B) the member has not designated a beneficiary;

the member may make the election described in subsection (c).

(c) A member described in subsection (b) may elect to:

(1) change the member's designated beneficiary or form of benefit under section 7(b) of this chapter; and

(2) receive an actuarially adjusted and recalculated benefit for the remainder of:

(A) the member's life; or

(B) the member's life and the life of the newly designated beneficiary.

(d) A member making the election under subsection (c) may not elect to change to a five (5) year guaranteed form of benefit under section 7(b) of this chapter.

(e) If a member elects a benefit under subsection (c)(2)(B), the member must indicate whether the newly designated beneficiary's



1 benefit will equal:

- 2 (1) the member's full recalculated benefit;
 3 (2) two-thirds (2/3) of the member's recalculated benefit; or
 4 (3) one-half (1/2) of the member's recalculated benefit.

5 (f) The member bears the cost of recalculating a benefit under
 6 subsection (c)(2), and the cost shall be included in the actuarial
 7 adjustment.

8 **(g) A member may not make the election under subsection (c) if**
 9 **a final order or property settlement in an action for dissolution of**
 10 **marriage:**

11 **(1) prohibits a change in the member's designated**
 12 **beneficiary; or**

13 **(2) provides a right to a survivor benefit to a person who**
 14 **would be removed as the designated beneficiary.**

15 ~~(g)~~ **(h)** Benefits may be recalculated under this section only to the
 16 extent permitted by the Internal Revenue Code and applicable
 17 regulations.

18 ~~(h)~~ **(i)** Before implementing this section, the board of the Indiana
 19 state teachers' retirement fund may obtain any approvals that the board
 20 considers necessary or appropriate from the Internal Revenue Service.

21 **SECTION 2. An emergency is declared for this act.**

